Final Department of Commerce FY 2009/2010 Financial Statements Guidance Management Representation Letters, Legal Letters, and Unasserted Claims

I. Purpose

This attachment establishes instructions and guidance to reporting entities' (hereinafter referred to as bureaus) that bureau's independent auditor obtain written representations from management as part of the bureau's financial statements audit performed in accordance with U.S. generally accepted government auditing standards (GAGAS), and OMB bulletin 06-03, *Audit Requirements for Federal Financial Statements.*

II. Management Representation Letters

The OMB bulletin 06-03, *6.13*, requires that the auditor *obtain* written representation from management as part of an audit conducted in accordance with OMB bulletin 06-03. The American Institute of Certified Public Accountant's AU *Section 333, "Management Representations," of the Codification of Statements on Auditing Standards* indicates that the management letter is necessary to confirm representations explicitly or implicitly given to the auditor, indicate and document the continuing appropriateness of such representations, and reduce the possibility of misunderstanding concerning the matter that are the subject of the representations. In addition to the standard representations included in AU § 333, OMB bulletin 06-03 requires additional representations that are unique to the Federal Government.

The auditor obtains written representations from management to complement other auditing procedures. Members of management who are responsible for and knowledgeable of, directly or through others, the matters in the letter, should sign the representation letter. The letter should be dated as of the end of fieldwork. If there is significant delay between the end of audit fieldwork and the issuance of the report, an update may be required. All bureaus are required to submit a management representation letter to the Deputy Chief Financial Officer by the established deadline. The Office of Financial Management (OFM) will rely on the respective bureau representation letters to prepare the consolidated management representation letter for the Department of Commerce's (Department's) financial statement audit. **Exhibit 1** of this Attachment is the form that must be used for your bureau's Management Representation Letter (based on FY 2008 audit). Some representations may vary for each bureau; therefore, if the representation is not applicable to your specific Bureau please denote with (N/A).

<u>What Should be Included in the Management Representation Letter for Unasserted Claims</u>

Statement of Auditing Standards (SAS) No. 85, *Management Representations (*supersedes and deletes SAS No. 19*, Client Representations* and its interpretation No.2, *Management Representation When Current Management Was Not Present During the Period Under Audit)*, requires a statement from management that it has disclosed all material unasserted claims which your legal counsel has advised are probable of assertion and must be disclosed in accordance with Statement of Federal Financial Accounting Standards (SFFAS) No. 5, as amended by SFFAS No. 12, *Recognition of Contingent Liabilities Arising From Litigation*. It is management's responsibility to bring unasserted claims to the attention of legal counsel. For unasserted claims listed on the management representation letter, management should report the likelihood of the outcome, and either an estimate of the amount of the loss or a statement that an estimate cannot be determined.

Your administrative, finance, and program management officials should be working with the appropriate counsel on possible claims as they arise during the year. However, management has the final responsibility to determine and present unasserted claims in its representation letter. If there are no items to report, your letter should clearly state this.

<u>What Should be Included in the Management Representation Letter Regarding the Uncorrected Financial Statement Misstatements</u>

As required by Statement of Auditing Standard No. 89, *Audit Adjustments*, the management letter should include a representation regarding the materiality of uncorrected financial statement misstatements aggregated by the auditor(s).

III. Legal Representation Letters

The Department is responsible for issuing three separate inquiry letters to ensure that all information on legal claims or contingencies against the Department is received, recorded, and disclosed for the consolidated financial statements. The letters are issued to the Department's Office of General Counsel (OGC), the Department's Office of Civil Rights (OCR), and the U.S. Patent and Trademark Office (USPTO). The requested information is limited to claims or contingencies that exceed the Department's materiality threshold as determined during the audit.

In addition to OGC and OCR, the Department issues a separate letter directly to USPTO because their Solicitor's Office and Civil Rights Office administer all cases separately from the Department. As always, bureau management should be in contact with their internal and/or Departmental OGC on legal issues as they arise.

This request for Department-level contingency information is a requirement of Office of Management and Budget (OMB) Bulletin No. 06-03, *Audit Requirements for Federal Financial Statements*. The timing of legal letter requests, responses, and related management's schedules shall be coordinated between OGC, Department management, and the bureau. Unless the Department has internal due dates all due dates shall be in accordance with the due dates established in the A-136, Section V.

For the first, second, and third quarters, OGC, OCR, and USPTO are required to submit an update to the prior year-end response, ten days after each quarter end. The updated responses need only include new information and/or changes from the prior response.

IV. Unasserted Claims

An unasserted claim is any claim that management may be aware of, but that has not been formalized with the OGC or OCR.

Each quarter, bureaus will canvas their components for all unasserted claims from the beginning of the fiscal year through the quarter-ended date. The dates bureaus should canvas their components are listed in Attachment I of this Guidance.

Each quarter, the Department will send to the bureaus an inquiry, via e-mail, regarding unasserted claims at or exceeding the Department's materiality threshold. The due dates for the responses from bureau management are listed in Attachment I of this Guidance. If the bureau has no unasserted claims exceeding the materiality threshold, it should provide a negative response.

V. Due Dates for Submissions

See FY 2009/2010 Financial Statements Guidance Attachment I, *Due Date Calendar*, for due dates.

OFM will monitor bureaus' submissions against the due dates. A deadline may be considered not met if the data is incomplete or inaccurate.

VI. OFM Contact

Questions related to Attachment F can be directed to:

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(Client Letterhead and Date Stamp)

Date

Lisa Casias
Deputy Chief Financial Officer
and Director of Financial Management
Department of Commerce
1401 Constitution Avenue, NW (Room 6827)
Washington D.C 20230

Dear Ms. Casias:

The [Bureau Name] is providing this letter in connection with your audits of the U.S. Department of Commerce's (Department) consolidated balance sheets, and the related consolidated statements of net cost, and changes in net position, and the combined statements of budgetary resources (hereinafter referred to as "consolidated financial statements") as of September 30, 2009 and 2008, and for the years then ended. [Bureau Name] understands that your audits were conducted for the purposes of (1) expressing an opinion as to whether these consolidated financial statements present fairly, in all material respects, the financial position of the Department as of September 30, 2009 and 2008, and the net costs, changes in net position, and budgetary resources for the years then ended, in conformity with U.S. generally accepted accounting principles; (2) reporting on the Department's internal control over financial reporting and key performance measures as of September 30, 2009; (3) reporting instances in which the Department's financial management systems do not substantially comply with Federal financial management systems requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level, as of September 30, 2009; and (4) reporting on the results of testing for compliance with applicable laws, regulations, provisions of contracts, and grant agreements. In addition, [Bureau Name] understands that you have performed certain limited procedures with respect to the Department's FY 2009 Management Discussion and Analysis (MD&A), required supplementary information (RSI), and required supplementary stewardship information (RSSI), which are included in the Department's FY 2009 Performance and Accountability Report. This information represented to you in this document is as of November 8, 2009.

[Bureau Name] confirm that we are responsible for the fair presentation of the Department's consolidated financial statements described above and the Department's MD&A, RSI, and RSSI, as of September 30, 2009 and 2008 and for the years then ended, in conformity with U.S. generally accepted accounting principles. [Bureau Name] also confirm that [Bureau Name] is responsible for establishing and maintaining effective internal control, for implementing and maintaining financial management systems that substantially comply with Federal financial management systems requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level; and for compliance with applicable laws, regulations, provisions of contracts, and grant agreements.

Certain representations in this letter are described as being limited to matters that are material. For purposes of this letter, matters are considered individually or collectively material if they involve $5 million or more. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

In connection with your audits of the Department's consolidated financial statements as of September 30, 2009 and 2008, and for the years then ended, and with respect to the MD&A (including performance measures), RSI, and RSSI sections of the Department's FY 2009 Performance and Accountability Report, [Bureau Name] confirm, to the best of [Bureau Name] knowledge and belief, the following representations made to you:

1. [Bureau Name]'s consolidated financial statements, MD&A, RSI, and RSSI of the Department are fairly presented in accordance with the Office of Management and Budget (OMB) requirements and in conformity with U.S. generally accepted accounting principles.

2. [Bureau Name] has disclosed to you all accounting policies and practices [Bureau Name] has adopted that, if applied to significant items or transactions, would not be in accordance with U.S. generally accepted accounting principles. [Bureau Name] has evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on the [Bureau Name]'s current period consolidated financial statements, and the expected impact of each such policy and practice on future periods' financial reporting. [Bureau Name] believes the effect of these policies and practices on the consolidated financial statements is not material. Furthermore, [Bureau Name] do not believe the impact of the application of these policies and practices will be material to the consolidated financial statements in future periods.

3. [Bureau Name] have made available to you:

   a. All financial records and related data;

   b. Where applicable, all minutes of meetings of the Board of Directors (or other similar bodies, such as congressional oversight committees) or summaries of actions of recent meetings for which minutes have not been prepared;

c. All [Bureau Name]performance measurement records;

d. Communications from OMB concerning noncompliance with or deficiencies in financial reporting practices, if applicable; and

e. All SAS 70 reports from the [Bureau Name]'s service organizations.

4. The [Bureau Name] is responsible for the identification of and compliance with all aspects of applicable laws, regulations, provisions of contracts, or grant agreements that could have a material effect on the determination of the consolidated financial statement amounts in the event of noncompliance and has disclosed those aspects of laws, regulations, provision of contracts, or grant agreements to you.

5. The [Bureau Name] has complied, in all material respects, with applicable laws, regulations, provisions of contracts, and grant agreements that could have a material effect on the consolidated financial statements in the event of noncompliance. [Bureau Name] has disclosed to you all known instances of noncompliance with such laws, regulations, provisions of contracts, and grant agreements.

6. [Bureau Name] acknowledge our responsibility for the design and implementation of programs and controls to prevent, deter, and detect fraud. [Bureau Name] understands that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets.

   Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements or performance results to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of the [Bureau Name]'s assets where the effect of the theft causes the consolidated financial statements not to be presented in conformity with U.S. generally accepted accounting principles.

7. [Bureau Name] have no knowledge of any fraud or suspected fraud affecting the Department involving:

   a. Management,

   b. Employees who have significant roles in internal control over financial reporting, or

   c. Others where the fraud could have a material effect on the consolidated financial statements, MD&A (including performance measures), RSI, and RSSI.

8. [Bureau Name] has no knowledge of any allegations of fraud or suspected fraud affecting the Department received in communications from employees, former employees, regulators, or others.

9. [Bureau Name] has no knowledge of any officer (or member of governing body) of the Department, or any other person acting under the direction thereof, taking any action to fraudulently influence, coerce, manipulate, or mislead you during your audit.

10. Except as disclosed to you in writing, there have been no:

    a. Communications from other governmental entities or agencies (e.g., the U.S. Department of the Treasury) concerning noncompliance with, or deficiencies in, financial accounting practices.

    b. Communications from regulatory or oversight agencies such as the OMB and the Government Accountability Office (GAO), concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the consolidated financial statements, MD&A (including performance measures), RSI, and RSSI.

    c. Allegations, either written or oral, of misstatements or other misapplications of accounting principles in the [Bureau Name]'s consolidated financial statements.

    d. Allegations, either written or oral, of deficiencies in internal control that could have a material effect on the [Bureau Name]'s consolidated financial statements.

    e. Circumstances that have resulted in communications from the [Bureau Name]'s legal counsel reporting evidence of a material violation of law or breach of fiduciary duty or similar violation by the [Bureau Name] or any agent thereof.

11. There are no:

    a. Violations or possible violations of laws or regulations, whose effects should be considered for disclosure in the consolidated financial statements or as a basis for recording a loss contingency, except for unresolved recommendations in prior Office of Inspector General and GAO audit reports, which have been considered in preparing the consolidated financial statements, and those items noted in the Independent Auditors' Report.

    b. Violations or possible violations of specific requirements of contracts, grants and budgetary procedures, the effects of which should be considered for disclosure in the consolidated financial statements or as a basis for recording a loss contingency.

    c. Unasserted claims or assessments that our General Counsel or the U.S Department of Justice General Counsel has advised us are probable of assertion and must be disclosed in accordance with the Statement of Federal Financial Accounting Standards No. 5, *Accounting for Liabilities of the Federal Government,* as amended, that have not been disclosed.

d. Other liabilities or gain or loss contingencies that have not been accrued or disclosed that are required to be accrued or disclosed by the Statement of Federal Financial Accounting Standards No. 5, *Accounting for Liabilities of the Federal Government,* as amended.

e. Material transactions (for example, obligations or commitments) or events that have not been properly recorded in the accounting records underlying the consolidated financial statements, MD&A (including performance measures), RSI, and RSSI.

f. Events that have occurred subsequent to September 30, 2008, and through the date of this letter, that would require adjustments to or disclosure in the consolidated financial statements, MD&A (including performance measures), RSI, and RSSI.

12. In [Bureau Name]'s *Federal Managers' Financial Integrity Act* assurance statement, [Bureau Name] disclosed to you that there were no material weaknesses in internal control which could adversely affect the [Bureau Name]'s ability to initiate, authorize, record, process, or report financial data and key performance measures. However, [Bureau Name] disclosed to you a non-financial material weakness relating to information technology (IT) security posture. Except for those matters and the matters noted in the Independent Auditors' Report, [Bureau Name] is not aware of any other material weaknesses in internal control over financial reporting or key performance measures. [Bureau Name] has applied the definitions of a "material weakness" in accordance with the definitions in Statement on Auditing Standards No. 112, *Communicating Internal Control Related Matters Identified in an Audit* and OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements.*

13. In accordance with *Government Auditing Standards*, [Bureau Name] has identified to you the significant findings and recommendations from previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of this audit and has accurately communicated to you the related corrective actions taken to address the findings.

14. The [Bureau Name] has properly identified its reporting entity as defined by OMB Circular A-136, and Statement of Federal Financial Accounting Concepts No. 2, *Entity and Display*. All entities included in the [Bureau Name]'s consolidated financial statements are under the direct control of the [Bureau Name].

15. Intra-entity transactions and balances have been appropriately identified and eliminated for financial reporting purposes, unless otherwise noted. Intra-governmental transactions and balances have been appropriately recorded, reported and disclosed. [Bureau Name] has accounted for and reconciled the Department's intra-governmental transactions and balances with our trading partners in accordance

with the OMB Circular No. A-136, OMB Memorandum No. M-07-03, *Business Rules for Intra-governmental Transactions*, and Treasury's *Federal Intra-governmental Transactions Accounting Policies Guide*.

16. The [Bureau Name] has properly identified all "allocation transfers" (also referred to as "transfer appropriation accounts"). [Bureau Name] has excluded all "child accounts." [Bureau Name] has properly recorded, reported and disclosed all "parent accounts" in accordance with OMB Circular No. A-136. [Bureau Name] has applied the definitions of "allocation transfers," "transfer appropriation accounts," "child accounts" and "parent accounts" in accordance with OMB Circular No. A-136.

17. Related party transactions, including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments, and amounts receivable from or payable to related parties, have been properly recorded and disclosed in the consolidated financial statements. [Bureau Name] understands that the term "related party" refers to affiliates of the Department; trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; key administrative, financial, and legislative personnel and other members of the Department's management or businesses they represent or have an interest in; members of the immediate families of the Department's management; and other parties with which the Department may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

18. The [Bureau Name] has not, directly or indirectly, including through a component entity, extended or maintained credit, arranged for the extension of credit, or renewed an extension of credit in the form of a personal loan to or for any management member of the Department.

19. The following have been properly recorded or disclosed in the consolidated financial statements:

    a. Purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.

    b. Changes in accounting principles affecting consistency.

    c. Agreements to repurchase assets previously sold, including sales with recourse.

d. The existence of and transactions with joint ventures and other related organizations.

e. Guarantees (for example, loan guarantee programs), whether written or oral, under which the [Bureau Name] is contingently liable.

f. Commitments for the purchase or sale of services or assets at prices involving material probable losses.

g. Losses to be sustained as a result of other than temporary declines in the fair value of investments.

h. Losses to be sustained from the inability to fulfill any sales commitments.

20. The [Bureau Name] has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

21. The [Bureau Name] has identified and properly accounted for all nonexchange transactions.

22. Fund balance with Treasury is properly classified and reported.

23. Inventories and operating materials are stated at historical cost in accordance with Statement of Federal Financial Accounting Standards No. 3, *Accounting for Inventory and Related Property*, except where valuation at net realizable value is authorized by the Standard, as in the case of excess, obsolete, or unserviceable items that management has determined have permanently declined in value below cost or are damaged. Physical counts and measurements of inventories and operating materials were made, and records were appropriately adjusted to reflect the physical inventories.

24. The [Bureau Name] has satisfactory title to all owned assets, including property, plant, and equipment presented as RSI, and there are no liens or encumbrances on such assets nor have any assets been pledged as collateral.

25. The [Bureau Name] has properly accounted for all property, plant and equipment sold, destroyed, abandoned, or considered to be obsolete and have no further use.

26. All capital assets are properly categorized as either work-in-progress or completed projects as required in the [Bureau Name]'s policy. Further, all capital assets are properly capitalized, reported, and, if applicable, depreciated.

27. The [Bureau Name] has properly accounted for all internal use software that is used to operate programs and produce goods and services, as required, by Statement of Federal Financial Accounting Standards No. 10, *Accounting for Internal Use Software*. Capitalized internal use software costs are limited to those costs incurred after the completion of conceptual formulation, design, and testing of possible software project alterations. The [Bureau Name] has capitalized labor costs for employees that worked on software development projects for a substantial portion of time.

28. Provisions, when material, have been made:

    a. To reduce excess, obsolete, damaged, or unusable inventories to their estimated net realizable value.

    b. For any material adjustments of long-lived assets as a result of permanent impairment, in accordance with Statement of Federal Financial Accounting Standards No. 6, *Accounting for Property, Plant, and Equipment*, as amended.

    c. To account for pre-credit reform assets and liabilities based upon their net realizable value, and to account for post-credit reform assets and liabilities based upon their present value in accordance with Statement of Federal Financial Accounting Standards No. 2, *Accounting for Direct Loans and Loan Guarantees*, as amended.

29. [Bureau Name] believes the current year subsidy and annual re-estimate models used in calculating post-1991 (credit reform) amounts for direct loan and loan guarantee programs:

    a Employ a reasonable model structure that is mathematically accurate, by cohort;

    b Calculate cash flows in a reasonable and logical manner; and

    c Utilize reasonable cash flow assumptions that are based on historical experience.

30. The [Bureau Name] submitted the fiscal year 2009 re-estimates of its credit reform programs, based on the fiscal year 2009 models supporting its consolidated financial statements.

31. Receivables reported in the consolidated financial statements represent valid claims against debtors for sales or other charges arising on or before the balance sheet date, and have been appropriately reduced to their estimated net realizable value.

32. [Bureau Name] believes that the actuarial assumptions and methods used to measure actuarial liabilities relating to the National Oceanic and Atmospheric Administration (NOAA) Corps benefit plans and costs for financial accounting and disclosure purposes are appropriate in the circumstances.

33. [Bureau Name] agrees with the findings of specialists in evaluating the environmental liabilities of NOAA and the National Institute of Standards and Technology and the actuarial liabilities relating to the NOAA Corps benefit plans, and has adequately considered the qualification of the specialists in determining the amounts and disclosures used in the consolidated financial statements and underlying accounting records. [Bureau Name] did not give or because any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and [Bureau Name] are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

34. [Bureau Name] has provided background and detailed cost information for all environmental liabilities identified to date, as well as information regarding pending, threatened, or unasserted claims related to the environmental project sites identified. Provision has been made for any material loss that is probable from environmental remediation liabilities associated with entity-owned properties. [Bureau Name] believes that such estimate is reasonable based on available information and that the liabilities, related loss contingencies, and the expected outcome of uncertainties have been adequately disclosed in the consolidated financial statements and related footnotes. [Bureau Name] has made a reasonable effort to identify the presence or likely presence of potential environmental contaminations.

35. Net position components (unexpended appropriations and cumulative results of operations) are properly classified.

36. During the fiscal years ended September 30, 2009 and 2008, the [Bureau Name] did not exceed its Congressionally-approved budgetary authorities.

37. All significant estimates, uncertainties, and material concentrations of risk known to management have been properly recorded and/or disclosed in the consolidated financial statements. Significant estimates are estimates at the balance sheet date, which could change materially within the next year. Concentrations refer to volumes of transactions, revenues, available sources of supply, or markets or geographic areas for which it is reasonably possible that events could occur which would significantly disrupt normal operations within the next year.

38. Costs have been recorded in accordance with the Statement of Federal Financial Accounting Standards No. 4, *Managerial Cost Accounting Concepts and Standards for the Federal Government*. Indirect costs were allocated to responsibility segments and programs in an equitable manner.

39. The [Bureau Name] has accounted for and recognized imputed inter-agency costs in accordance with the full cost provisions of Statement of Federal Financial Accounting Standards No. 4, *Managerial Cost Accounting Concepts and Standards for the Federal Government*. Inter-agency imputed costs and related imputed financial sources have been appropriately identified for consolidated financial reporting

purposes. The [Bureau Name] has identified, in the notes to the financial statements, the intra-Departmental imputed costs and related financing sources that were recognized in the component's financial statements but were eliminated for consolidated financial reporting purposes, as required by Statement of Federal Financial Accounting Standards Interpretation No. 6, *Accounting for Imputed Intra-departmental Costs*: *An Interpretation of SFFAS No. 4*.

40. Revenues and other financing sources are appropriately classified in the statements of net cost, changes in net position and budgetary resources, in accordance with Federal Financial Accounting Standards No. 7, *Accounting for Revenues and Other Financing Sources*, as amended, and Federal Financial Accounting Standards No. 27, *Identifying and Reporting Earmarked Funds*.

41. All sales transactions entered into by the [Bureau Name] are final and there are no side agreements with customers, or other terms in effect, which allow for the return of merchandise, except for defectiveness or other conditions covered by the usual and customary warranties.

42. The [Bureau Name] has presented all RSSI, in accordance with OMB Circular A-136, *Financial Reporting Requirements* and Federal Financial Accounting Standards No. 29, *Heritage Assets and Stewardship Land*.

43. The [Bureau Name] has performed the necessary procedural requirements to develop and support the deferred maintenance estimate reported in the disclosure required by Statement of Federal Financial Accounting Standards No. 6, *Accounting for Property, Plant, and Equipment*, as amended. All estimates developed for purposes of reporting the [Bureau Name]'s deferred maintenance levels were developed in accordance with Departmental guidance. These estimates are properly documented and readily verifiable.

44. The information presented on the [Bureau Name]'s statement of budgetary resources agrees with the information submitted on the [Bureau Name]'s final *Reports on Budget Execution and Budgetary Resources* (SF-133) which will be used as input for the fiscal year 2009 actual column of the Program and Financing Schedules reported in the fiscal year 2011 *Budget of the United States Government*. Such information is supported by the financial records and related data.

45. All undelivered order balances represent valid obligations of the [Bureau Name] and are based on valid contracts or agreements for which goods/services have not yet been received.

46. The [Bureau Name] has reconciled net cost to budgetary obligations and disclosed such information in accordance with OMB Circular No. A-136 and SFFAS No. 7, *Accounting for Revenues and Other Financing Sources*, as amended.

47. Pursuant to the *Federal Managers' Financial Integrity Act* (FMFIA), the [Bureau Name] has assessed the effectiveness of the [Bureau Name]'s internal control in achieving the following objectives:

    a. Reliability of financial reporting - transactions are properly recorded, processed, and summarized to permit the preparation of consolidated financial statements, MD&A (including performance measures), RSI, and RSSI, in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition;

    b. Compliance with applicable laws and regulations - transactions are executed in accordance with: (i) laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the consolidated financial statements, and (ii) any other laws and regulations and government-wide policies that the OMB, Department management, or the Inspector General have identified as being significant for which compliance can be objectively measured and evaluated; and

    c. Reliability of performance reporting - transactions and other data that support reported performance measures are properly recorded, processed and summarized to permit the preparation of performance information in accordance with criteria stated by management.

48. Except as disclosed in the Independent Auditors' Report, all internal controls are operating as of September 30, 2009 and for the year then ended, in accordance with applicable policies and procedures and are effective in meeting the FMFIA objectives set forth above.

49. [Bureau Name] has assessed the [Bureau Name]'s financial management systems to determine whether they comply substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level. [Bureau Name] assessment was based on guidance issued by OMB.

50. The [Bureau Name]'s financial management systems complied substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level as of September 30, 2009.

51. [Bureau Name] believes that the effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the Department's consolidated financial statements taken as a whole.

Very truly yours,

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Finance Officer

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Chief Financial Officer